



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219

IN REPLY REFER TO

PPD 730.5.35.1

April 6, 2001
01-PPD-026(R)

MEMORANDUM FOR REGIONAL DIRECTOR, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA

SUBJECT: Completion of the Agency Wildcard 2 Field in the DMIS Assignment Module to Track Incurred Cost Audit Reports Issued with the Cumulative Allowable Cost Worksheet (CACWS)

In the DCAA Strategic Plan Update, under Goal 2 – Customer Satisfaction, the Executive Steering Committee approved the following new objective:

***Objective:** By FY 2001 and 2002, the percentage of incurred cost audit reports issued with a cumulative allowable cost worksheet (CACWS) should be 30% and 60% respectively.*

The CAM was revised in January 2000 to include guidance on the use of the CACWS to facilitate the process of closing contracts. Initiatives by the Fairfax Branch Office of the Mid-Atlantic Region had shown that the CACWS was used successfully to reduce audit hours in contract audit closings (see MRD 99-PIC-028(R), *Report on the Mid-Atlantic Region/Fairfax Branch Office Contract Auditing Closing Pilot Project*, dated March 10, 1999). CAM 6-711.3(f) states:

The CACWS or its equivalent should be prepared for all incurred cost audit reports issued to establish indirect rates. Contract audit closing statements should be issued only when requested by the ACO....

DCMA strongly supports this initiative and does not require a final voucher audit if the CACWS is used. DCMA, in its Contract Closeout Guidebook, dated October 2000, in addressing DCAA Audit of Final Vouchers states:

The ACO in coordination with DCAA may determine that an audit is not required on a final voucher. The ACO can utilize the Cumulative Allowable Cost Worksheet included in the indirect cost audit report....If the ACO cannot determine the cumulative allowable cost or if a labor hours review is required, the ACO should ensure that a

Contract Audit Closing Statement (CACS) is received. (emphasis added)

To measure the accomplishment of the Objective, FAOs are requested to include the statement “**CACWS included in audit report**” in **Agency Wildcard 2 Field** in the assignment module of DMIS for incurred cost audit reports issued with a CACWS. To determine whether the Objective was accomplished in FY 2001, Operations will count the incurred cost audit reports issued with a CACWS based on the number of closed incurred cost audit assignments with the phrase "CACWS included in audit report" in the Agency Wildcard 2 Field in the DMIS assignment module. Consequently, the Agency Wildcard 2 Field needs to be completed for any incurred cost audit reports issued in FY 2001. This will require FAOs to go back and complete this field for applicable audit reports issued since October 1, 2000.

The Agency Wildcard 2 Field entry should be exactly as stated in this memorandum (no quotation marks, no leading spaces) and it should be the first entry in the Field. We recognize that some FAOs may be using the Agency Wildcard 2 Field in the assignment module for their own purposes. FAOs may continue this practice as long as the phrase "CACWS included in audit report" is the first entry in the field. Operations is currently assessing the feasibility of adding a permanent mandatory field in DMIS to track the issuance of incurred cost audit reports with a CACWS in FY 2002 and beyond.

To measure accomplishment of the Objective, FAOs are required to take the following actions:

1. For incurred cost audit reports issued since October 1, 2000, determine which audit reports were issued with a CACWS and insert the phrase "CACWS included in audit report" in the Agency Wildcard 2 Field of the DMIS assignment module for those assignments in which a CACWS was included in the audit report.
2. For incurred cost audit reports issued after the date of this guidance memorandum, establish an FAO procedure to ensure the Agency Wildcard 2 Field of the DMIS assignment module is completed, at the time the audit report is issued, with the phrase "CACWS included in audit report" for those incurred cost audit reports issued with a CACWS.

Field audit office personnel should refer questions regarding this memorandum to their regional offices. Regions unable to answer, or with questions of their own, should contact Ms. Patricia Letzler, Program Manager, at (703) 767-2270.

/Signed/

Lawrence P. Uhlfelder
Assistant Director
Policy & Plans